



U.S. DEPARTMENT OF ENERGY
Office of Energy Assurance

ENERGY ASSURANCE DAILY

October 7, 2004

Highlights / Major Developments

Oil Hits New \$53 High on Winter Worries, Nigeria

Oil prices scaled new heights at \$53 for U.S. crude on Thursday on concerns over tight winter heating fuel supplies and an unexpected strike at Nigerian oil terminals. U.S. light crude set a record \$53 a barrel, marking a surge of \$20 or more than 60 percent this year, closing up 60 cents at \$52.62 a barrel. Nigerian oil unions began an unexpected two-day strike at Royal Dutch Shell Group facilities to protest against feared job cuts. In Norway, oil rig workers said they will widen a three-month strike on Saturday by closing another North Sea field and increasing the amount of output hit to 55,000 bpd. Plans for new output have also been delayed. U.S. supply worries have intensified after Hurricane Ivan cut September U.S. crude production to its lowest in any month since 1950 and disrupted operations at refineries along the Gulf Coast.

Reuters, 1443 October 7, 2004

http://biz.yahoo.com/ap/041007/oil_prices_17.html

<http://www.platts.com/Oil/News/6267264.xml?S=n>

Electricity

Southern Co.'s Hatch 2 Nuclear Unit Returns to Full Service

Southern Co.'s 924-megawatt Hatch 2 nuclear unit in Baxley, Georgia, returned to full power from 85 percent of capacity yesterday, said spokeswoman Regina Waller. The plant, about 125 miles southwest of Savannah, was shut Sept. 25 for valve repairs, she said.

Bloomberg News, 0910 October 7, 2004

Petroleum

Shut-in Oil Production in Gulf of Mexico equals 27.95% of Daily Production in Gulf

The cumulative (9/11/04-10/7/04) shut-in oil production is 16,560,590 bbls which is equivalent to 2.737% of the yearly production of oil in the Gulf of Mexico which is approximately 605 million barrels.

<http://www.mms.gov/ooc/press/2004/press1007.htm>

[\$\$] Difficulties Fixing Oil Platforms In Gulf Are Helping Boost Prices

The Wall Street Journal Online - Thu 10:16 am ET

Shell: Some US Gulf Output To Remain Off Line into 2005

http://pro.energycentral.com/professional/news/gas/news_article.cfm?id=5170560

Bloomberg News, 1129 October 7, 2004

Marathon Says Texas City Refinery Slowed by Fire

Marathon Ashland Petroleum on Thursday said its 76,000-barrel-per-day Texas City, Texas, refinery was slowed due to a small fire in a seal of its crude distillation unit.

Reuters, 1441 October 7, 2004

Bloomberg News, 0924 October 7, 2004

Opis Price Watch Alert, 1040 October 7, 2004

Oil-Tanker Rates Surge to Highest in Three Decades

Oil-tanker rates from the Middle East and West Africa surged to the highest since the 1973 Arab embargo as crude reached records.

Bloomberg News, 1311 October 7, 2004.

Court Ruling Means GA Will Have to Sell PFG

Unless it can overturn a U.S. District Court decision, Georgia, like it or not, will have to sell RFG next year. Judge Clarence Cooper today denied the state's motion for a preliminary injunction to prevent implementation of the federal RFG requirement. A suit filed by Georgia had claimed that EPA was trying to force Georgia to sell RFG, taking action that was not in conformity with Georgia's state implementation plan. Georgia's SIP requires low sulfur gasoline in 45 counties. Judge Cooper stated that he was denying the plaintiff's motion because it

Oil Price Watch Alert, 1551 October 7, 2004

Nigerian Shell oil workers launch two-day strike

Nigerian workers for the Anglo-Dutch oil giant Shell launched a two-day strike on Oct 7 in protest at planned job cuts, as renewed supply fears pushed crude prices to record highs.

<http://www.platts.com/Oil/News/9333462.xml?S=n>

Nigeria Labor Leader Says Strike Monday Unavoidable

The Nigeria Labour Congress, the country's biggest union, said a general strike planned to start on midnight Sunday to protest an increase in fuel prices is unavoidable unless the government is willing to hold talks. Talks between the unions and the labor ministry broke down yesterday. In a separate development, Royal Dutch/Shell Group, Nigeria's largest crude oil producer, said today two oil workers' unions started a two-day strike to protest plans to cut costs.

Bloomberg News, 1314 October 7, 2004

Saudi Aramco Embarks on Drilling Frenzy

As it promises the world to bolster production capacity, Saudi Arabia has embarked on a flurry of drilling activity at its Eastern Province oil fields, International Oil Daily has learnt. State Saudi Aramco has been tendering fervently for drilling rigs over the past six months, and evidence suggests this trend will continue for the medium term.

International Oil Daily, October 7, 2004

Natural Gas

Shut-in Gas Production in Gulf of Mexico equals 14.43% of Daily Production in Gulf

The cumulative (9/11/04-10/7/04) shut-in gas production is 72.279 BCF which is equivalent to 1.624% of the yearly production of gas in the Gulf of Mexico which is approximately 4.45 TCF.

<http://www.mms.gov/ooc/press/2004/press1007.htm>

Other News

Some Presentations from Winter Fuels Outlook Conference October 6, 2004

(Click on presenter's name in blue text to be taken to presentation).

Winter Weather Forecast

[Michael Halpert](#), Head of Forecast Operations, Climate Prediction Center, National Oceanic and Atmospheric Administration

World Oil Overview

[Paul Horsnell](#), Barclays Capital

EIA Winter Heating Fuels Overview

[Guy Caruso](#), Administrator, Energy Information Administration

Distillate In Depth – The Supply, Demand, & Price Picture for Winter 04-05

[Cheryl Trench](#), President, Allegro Energy Consulting

Natural Gas – Domestic Production and Demand Forecast

[Kevin Petak](#), Director, Energy Modeling and Forecasting Energy and Environmental Analysis, Inc

DOE Suspends Radioactive Shipments through Arizona

http://pro.energycentral.com/professional/news/power/news_article.cfm?id=5168167

Energy Prices

	Latest (10/07/04)	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate US \$/Barrel	52.67	49.56	30.48
NATURAL GAS Henry Hub \$/Million Btu	5.86	6.36	4.66

Source: Reuters

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated on Wednesdays

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 1:00pm (Eastern time) on Wednesdays

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 pm (Eastern time) on Thursdays